

State Board of Land Commissioners  
April 12, 2005  
Consent Agenda

SUBJECT

Increase distributions for a portion of the Pooled Endowments for the remainder of FY2005.

OVERVIEW

Senate Bill 1162 passed the House and the Senate and was signed by the Governor on March 15, 2005 and having an emergency clause became effective that date. This bill authorizes the healthier endowments (with-in the EFIB Pooled Endowment) pay increased distributions and the less healthy endowments to pay no distributions in April, May and June. These distribution increases will cover payments made by the General Fund to Agricultural College and Charitable institutions for the second half of FY2005.

RECOMMENDATION

The Endowment Fund Investment Board recommends that the Board authorize the increase in distribution payments from the Normal School, Penitentiary, State Hospital South and University endowments.

BOARD ACTION

Attorney General Wasden moved adoption of the recommendations by the Endowment Fund Investment Board. Secretary of State Ysursa seconded the motion. The motion carried on a vote of 4-0, with Superintendent Howard being absent for this vote.

ATTACHMENTS

1. Spreadsheet prepared by Legislative Services—Ray Houston.
2. Senate Bill 1162 Bill and Statement of Purpose.



# **Pooled Endowment Fund Distribution Reallocation FY 2005**

Line	Beneficiaries	Agricultural College	Charitable Institutions	Normal School	Penitentiary	Scientific School	State Hospital South	University	TOTAL Pooled Endowments
1	Total Pooled 6/30/04 Audit	11,383,618	45,071,381	47,192,926	20,066,634	50,671,953	29,056,976	41,920,633	245,364,121
2	Perm Balance 6/30/04 Audit	13,586,547	48,114,293	43,472,077	16,883,518	48,542,352	22,349,776	37,583,876	230,532,439
3									
4	Lands Revenues FY 2005	392,107	1,780,303	2,706,334	1,883,205	2,352,800	3,272,519	2,863,006	15,250,274
5	Interest and Dividends	280,850	1,125,396	1,179,332	493,824	1,277,732	734,980	1,062,684	6,154,798
6	Total Revenue	672,957	2,905,699	3,885,666	2,377,029	3,630,532	4,007,499	3,925,690	21,405,072
7	Lands Expenses FY 2005	179,477	766,491	866,097	308,056	717,019	590,874	525,583	3,953,597
8	EFIB Expenses	39,524	156,884	165,086	69,754	177,182	101,532	146,962	856,924
9	Total Expenditures	219,001	923,375	1,031,183	377,810	894,201	692,406	672,545	4,810,521
10	Revenues less Expenditures	453,956	1,982,324	2,854,483	1,999,219	2,736,331	3,315,093	3,253,145	16,594,551
11	Distributions FY 2005	(380,400)	(1,407,450)	(2,741,300)	(1,134,200)	(3,136,900)	(1,499,400)	(2,630,900)	(12,930,550)
12	Net Contribution/Distribution	73,556	574,874	113,183	865,019	(400,569)	1,815,693	622,245	3,664,001
13	Fund Balance	(2,129,373)	(2,468,038)	3,834,032	4,048,135	1,729,032	8,522,893	4,959,002	18,495,683
14	5% of Perm Balance	679,327	2,405,715	2,173,604	844,176	2,427,118	1,117,489	1,879,194	11,526,622
15	ER Balances > 5% (available)	-	-	1,660,428	3,203,959	-	7,405,404	3,079,888	15,349,600
16	FY 05 Reallocation	-	-	(193,399)	(373,182)	-	(862,547)	(358,722)	(1,787,850)
17	Custom Adjustments	-	-	(34,925)	(2,138)	-	487,227	(168,674)	281,490
18									
	line 11 + line 16 + line 17								
19	EFIB FY05 Cash Transfers	(380,400.00)	(1,407,450.00)	(2,969,624.00)	(1,509,520.00)	(3,136,900.00)	(1,874,720.00)	(3,158,296.00)	(14,436,910.00)
20	Percent of FY 2004 Perm Fund	2.8%	2.9%	6.8%	8.9%	6.5%	8.4%	8.4%	6.3%
	Original Monthly Transfers	(63,400.00)	(234,575.00)	(228,441.67)	(94,516.67)	(261,408.33)	(124,950.00)	(219,241.67)	(1,226,533.33)
	Transfers Made Through March	(380,400.00)	(1,407,450.00)	(2,055,975.02)	(850,650.02)	(2,352,675.01)	(1,124,550.00)	(1,973,175.02)	(10,144,875.07)
	Remaining Transfers	-	-	(913,648.98)	(658,869.98)	(784,224.99)	(750,170.00)	(1,185,120.98)	(4,292,034.93)
	Apr, May, Jun Equal Transfers	-	-	(304,549.66)	(219,623.33)	(261,408.33)	(250,056.67)	(395,040.33)	(1,430,678.31)

## Check

Original Budgeted Distribution	(14,718,400.00)
Less Veteran's Home (\$234,575) and School for Deaf and Blind (\$46,915) indicated they would be able to absorb the losses amounting to:	(281,490.00)
New FY 2005 Distribution	(14,436,910.00)

## STATEMENT OF PURPOSE

RS15012C1

The Endowment Fund Investment Board suspended distributions to the Agricultural College and the Charitable Institutions on January 5, 2005. As a result, those institutions will receive only half of the cash transfers anticipated for fiscal year 2005, amounting to \$380,400 for the Agricultural College and \$1,407,450 for the Charitable Institutions for a total impact of \$1,787,850. Two of the entities affected by the suspension, Veteran's Services and the School for the Deaf and the Blind, indicated they would be able to absorb the loss of funds in FY 2005 amounting to \$281,490. This legislation reallocates endowment funds and General Fund support to eliminate the impacts on the remaining programs.

### FISCAL NOTE

This fiscal year 2005 supplemental appropriation has no net impact on the General Fund. It increases spending authority in the healthier endowments by \$1,506,300 and reduces spending authority in the less healthy endowments by the same amount. It then decreases General Fund support for those programs where the endowment spending authority was increased and increases General Fund support for those programs whose endowment spending authority was decreased.

Endowment	Change in FY 2005 General Fund Appropriation	Change in FY 2005 Endowment Fund Appropriation
Agricultural College	\$380,400	(\$380,400)
Charitable Institutions - Idaho State University	\$375,300	(\$375,300)
Normal School - ISU and Lewis Clark State College	(\$228,300)	\$228,300
University of Idaho	(\$527,400)	\$527,400
Charitable Institutions - Juvenile Corrections Penitentiary	\$375,300 (\$375,300)	(\$375,300) \$375,300
Charitable Institutions - State Hospital North Mental Hospital (State Hospital South)	\$375,300 (\$375,300)	(\$375,300) \$375,300
Totals	\$0	\$0

CONTACT: Ray Houston  
Legislative Services Office  
Budget & Policy Analysis  
Telephone: 334-4741

## IN THE SENATE

SENATE BILL NO. 1162

BY FINANCE COMMITTEE

## AN ACT

RELATING TO ENDOWMENT DISTRIBUTIONS; APPROPRIATING ADDITIONAL MONEYS FOR THE GENERAL EDUCATION PROGRAMS AT BOISE STATE UNIVERSITY, IDAHO STATE UNIVERSITY, LEWIS-CLARK STATE COLLEGE, THE UNIVERSITY OF IDAHO AND THE OFFICE OF THE STATE BOARD OF EDUCATION FOR FISCAL YEAR 2005; REDUCING THE APPROPRIATION FOR THE GENERAL EDUCATION PROGRAMS AT BOISE STATE UNIVERSITY, IDAHO STATE UNIVERSITY, LEWIS-CLARK STATE COLLEGE, THE UNIVERSITY OF IDAHO AND THE OFFICE OF THE STATE BOARD OF EDUCATION FOR FISCAL YEAR 2005; APPROPRIATING ADDITIONAL MONEYS TO THE DEPARTMENT OF JUVENILE CORRECTIONS FOR FISCAL YEAR 2005; REDUCING THE APPROPRIATION TO THE DEPARTMENT OF JUVENILE CORRECTIONS FOR FISCAL YEAR 2005; APPROPRIATING ADDITIONAL MONEYS TO THE DEPARTMENT OF CORRECTION FOR FISCAL YEAR 2005; REDUCING THE APPROPRIATION TO THE DEPARTMENT OF CORRECTION FOR FISCAL YEAR 2005; APPROPRIATING ADDITIONAL MONEYS TO THE DEPARTMENT OF HEALTH AND WELFARE FOR THE DIVISION OF FAMILY AND COMMUNITY SERVICES FOR FISCAL YEAR 2005; REDUCING THE APPROPRIATION TO THE DEPARTMENT OF HEALTH AND WELFARE FOR THE DIVISION OF FAMILY AND COMMUNITY SERVICES FOR FISCAL YEAR 2005; AMENDING SECTION 4, CHAPTER 195, LAWS OF 2004, TO REVISE LEGISLATIVE INTENT REGARDING TRANSFERS BY THE ENDOWMENT FUND INVESTMENT BOARD FOR FISCAL YEAR 2005; AND DECLARING AN EMERGENCY.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. In addition to the appropriation made in Section 1, Chapter 363, Laws of 2004, there is hereby appropriated to the State Board of Education and the Board of Regents of the University of Idaho for Boise State University, Idaho State University, Lewis-Clark State College, the University of Idaho and the Office of the State Board of Education, the following amounts to be expended for the designated program from the listed funds for the period July 1, 2004, through June 30, 2005:

FOR:

General Education Programs	\$755,700
----------------------------	-----------

FROM:

Normal School Endowment Earnings Fund	\$228,300
---------------------------------------	-----------

University Endowment Fund	527,400
---------------------------	---------

TOTAL	\$755,700
-------	-----------

SECTION 2. The appropriation of moneys to the State Board of Education and the Board of Regents of the University of Idaho for Boise State University, Idaho State University, Lewis-Clark State College, the University of Idaho and the Office of the State Board of Education made in Section 1, Chapter 363, Laws of 2004, is hereby reduced by the following amounts for the designated program from the listed funds for the period July 1, 2004, through June 30, 2005:

1	FOR:	
2	General Education Programs	\$755,700
3	FROM:	
4	Agricultural College Endowment Fund	\$380,400
5	Charitable Institutions Endowment Earnings Fund	375,300
6	TOTAL	\$755,700

7 SECTION 3. In addition to the appropriation made in Section 1, Chapter  
 8 153, Laws of 2004, there is hereby appropriated to the Department of Juvenile  
 9 Corrections the following amount to be expended for the designated program  
 10 according to the designated expense class from the listed fund for the period  
 11 July 1, 2004, through June 30, 2005:

12 INSTITUTIONS:

13 FOR:

14 Operating Expenditures \$375,300

15 FROM:

16 General Fund \$375,300

17 SECTION 4. The appropriation to the Department of Juvenile Corrections  
 18 made in Section 1, Chapter 153, Laws of 2004, is hereby reduced by the follow-  
 19 ing amount for the designated program according to the designated expense  
 20 class from the listed fund for the period July 1, 2004, through June 30, 2005:

21 INSTITUTIONS:

22 FOR:

23 Operating Expenditures \$375,300

24 FROM:

5 State Juvenile Corrections Center Fund \$375,300

26 SECTION 5. In addition to the appropriation made in Section 1, Chapter  
 27 200, Laws of 2004, there is hereby appropriated to the Department of Correc-  
 28 tion the following amount to be expended for the designated program according  
 29 to the designated expense class from the listed fund for the period July 1,  
 30 2004, through June 30, 2005:

31 IDAHO STATE CORRECTIONAL INSTITUTION - BOISE:

32 FOR:

33 Operating Expenditures \$375,300

34 FROM:

35 Penitentiary Endowment Fund \$375,300

36 SECTION 6. The appropriation to the Department of Correction made in Sec-  
 37 tion 1, Chapter 200, Laws of 2004, is hereby reduced by the following amount  
 38 for the designated program according to the designated expense class from the  
 39 listed fund for the period July 1, 2004, through June 30, 2005:

40 IDAHO STATE CORRECTIONAL INSTITUTION - BOISE:

41 FOR:

42 Operating Expenditures \$375,300

43 FROM:

44 General Fund \$375,300

45 SECTION 7. In addition to the appropriation made in Section 1, Chapter  
 46 368, Laws of 2004, there is hereby appropriated to the Department of Health  
 47 and Welfare for the Division of Family and Community Services the following  
 48 amounts to be expended for the designated programs according to the designated  
 49 expense classes from the listed funds for the period July 1, 2004, through  
 50 June 30, 2005:

## 1 I. STATE HOSPITAL NORTH:

2 FOR:

3 Operating Expenditures \$375,300

4 FROM:

5 General Fund \$375,300

## 6 II. STATE HOSPITAL SOUTH:

7 FOR:

8 Operating Expenditures \$375,300

9 FROM:

10 Mental Hospital Endowment Fund \$375,300

11 SECTION 8. The appropriation to the Department of Health and Welfare for  
 12 the Division of Family and Community Services made in Section 1, Chapter 368,  
 13 Laws of 2004, is hereby reduced by the following amounts for the designated  
 14 program according to the designated expense class from the listed fund for the  
 15 period July 1, 2004, through June 30, 2005:

## 16 I. STATE HOSPITAL NORTH:

17 FOR:

18 Operating Expenditures \$375,300

19 FROM:

20 State Hospital North Endowment Income Fund \$375,300

## 21 II. STATE HOSPITAL SOUTH:

22 FOR:

23 Operating Expenditures \$375,300

24 FROM:

25 General Fund \$375,300

26 SECTION 9. That Section 4, Chapter 195, Laws of 2004, is hereby amended  
 27 to read as follows:

28 SECTION 4. It is legislative intent that for fiscal year 2005, the Endow-  
 29 ment Fund Investment Board transfer ~~\$37,676,200~~ \$37,394,710 as follows:  
 30 \$22,957,800 from the Public School Earnings Reserve Fund to the Public School  
 31 Income Fund; ~~\$760,800~~ \$380,400 from the Agricultural College Earnings Reserve  
 32 Fund to the Agricultural College Income Fund; ~~\$2,814,900~~ \$1,407,450 from the  
 33 Charitable Institutions Earnings Reserve Fund to the Charitable Institutions  
 34 Income Fund; ~~\$2,741,300~~ \$2,969,624 from the Normal School Earnings Reserve  
 35 Fund to the Normal School Income Fund; ~~\$1,134,200~~ \$1,509,520 from the Peniten-  
 36 tiary Earnings Reserve Fund to the Penitentiary Income Fund; \$3,136,900 from  
 37 the Scientific School Earnings Reserve Fund to the Scientific School Income  
 38 Fund; ~~\$1,499,400~~ \$1,874,720 from the Mental Hospital Earnings Reserve Fund to  
 39 the Mental Hospital Income Fund; and ~~\$2,630,900~~ \$3,158,296 from the University  
 40 Earnings Reserve Fund to the University Income Fund.

41 SECTION 10. An emergency existing therefor, which emergency is hereby  
 42 declared to exist, this act shall be in full force and effect on and after its  
 43 passage and approval.